

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: Grade AA butter increased 16 cents to \$1.9000, Grade A increased 16 cents to \$1.9000, and Grade B increased 16 cents to \$1.9000. Barrel cheese increased 5 cents to \$1.4950 and 40# blocks increased 4 1/2 cents to \$1.5375.

BUTTER: The market tone remains firm. Producers and handlers continue to adjust to the 41 cent increase in AA butter prices over the past 4 weeks. Stocks of butter are reported to be in close balance. Overall buying interest is mixed. Some buyers are placing heavier orders prior to anticipated further increases, while others are for immediate needs only. Some scheduled retail feature activity is being canceled due to current prices.

CHEESE: The cheese market is firm. Cheddar demand continues to keep current production tight. Process interest remains seasonally good. Interest in non-American varieties is irregular, but generally not as strong. Cheese production is near peak levels as schools close for the summer and receipts slip from peak levels.

MILK PRODUCTION: Milk production patterns are mixed from coast to coast. In the Southeast, very hot and dry weather conditions are causing milk output levels to fall quickly. Further north, temperatures are more moderate and milk production is easing lower. In the Midwest, milk output is reported to be at peak levels with some handlers reporting slight declines. Cooler than usual temperatures in the Southwest are causing seasonal declines to occur at a slower rate. Conditions in the Northwestern part of the United States are such that seasonal increases continue on a steady basis. Overall milk supplies are sufficient for most Class I needs. In Florida, where milk output is dropping quickly, handlers are having to bring in some extra milk plus take their regular pool volumes from nearby states. In most areas of the country, school bottling schedules are winding down as schools close for the summer. In these areas, retail sales are only partially offsetting the lost school lunch Class I demand.

DRY PRODUCTS: Market trends for dry product are much the same as past weeks. Nonfat dry milk markets remains weak with clearances to CCC continuing from all 3 regions of the United States. Whey markets are steady to firmer. A recently announced export tender for July to September shipment could ship around 2,800 MT of whey from the U.S., but the country of origin is optional.

CCC: Net purchases totaled 9,259,313 pounds of NDM under the price support program from producers coast to coast.

DAIRY PRICE FLOOR PETITION DENIED: The U.S. Department of Agriculture (USDA) has denied a petition to establish a price floor for milk regulated by federal milk marketing orders. Agriculture Secretary Glickman

stated that while dairy farmers continue to undergo significant stress, neither the requirements of the law nor the evidence received at a February 1998 hearing on the petition supported approving it. He continues to state that the evidence presented at the hearing and USDA's analysis indicated that if the petition was adopted, dairy farmers most in distress might not benefit and the effects of the floor price would not have been distributed evenly to all regions of the country and all farmers. Proponents had asked USDA to establish a floor price for the BFP of \$13.50 per cwt. for both Class I and II milk, an action that would have prevented prices from falling below that level regardless of market conditions.

DAIRY OPTIONS PILOT PROGRAM: USDA Secretary Dan Glickman announced an \$11 million program to give dairy producers in selected counties a financial incentive to use options to manage their price risks. The new Dairy Options Pilot Program (DOPP) helps producers create their own financial safety net by purchasing exchange-traded options on the price of their milk. When milk prices fall, producers would be able to offset losses based on projected future earnings, in effect putting a floor under their milk prices. Participation in the 6 month pilot program is voluntary. To be eligible, producers must operate a dairy farm located in the selected counties and demonstrate production of at least 100,000 pounds of milk over any consecutive six month period during the last 12 months. An estimated 35,000 dairy producers are in the selected counties. Training and assistance are limited to 8,400 producers.

MARCH MAILBOX PRICES: In March 1998, mailbox milk prices reported for selected Federal milk orders averaged \$14.13 per cwt., \$.34 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$14.06, down \$.25; Southeast, \$15.43, down \$.34; Midwest, \$14.19, down \$.36 and West, \$13.40, down \$.36. Compared to March 1997, mailbox milk prices increased \$.89 per cwt. on the average. Regional changes from the previous year were: +\$.98 in the Northeast, +\$1.06 in the Southeast, +\$.84 in the Midwest, and +\$.84 in the West.

MAY AGRICULTURAL PRICES: The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 1998 was unchanged at 116. Compared with May 1997, the index was down 2 points (1.7%). The index of prices received by farmers for dairy products declined 4 points during the month of May 1998 to 103. Compared with May 1997, the index was up 6 points (6.2%). On a 3.5% butterfat basis, prices received by farmers in May with changes from April were: for All Milk, \$13.23, down 56 cents; Fluid Grade Milk, \$13.33, down 46 cents; and for Manufacturing Grade Milk, \$11.25, down 47 cents.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

LST = Last Significant Transaction

BUTTER ON FRIDAY, JUNE 12, 1998

(CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$1.9000	:	+.1600
A	:	\$1.9000	:	+.1600
B	:	\$1.9000	:	+.1600

SALES: 7 CARS GRADE AA:
1 @ \$1.8600, 3 @ \$1.8700, 1 @ \$1.8900,
2 @ \$1.9000 (LST)

BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.7400, 1 @ \$1.7000
2 CARS GRADE A: 1 @ \$1.9000 (LST), 1 @ \$1.2500
2 CARS GRADE B: 1 @ \$1.9000 (LST), 1 @ \$1.2500

OFFERS UNCOVERED: NONE

CHEESE ON THURSDAY, JUNE 11, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.4950	:	+.0500
40# BLOCKS	:	\$1.5375	:	+.0450

SALES: 22 CARS BARRELS:
2 @ \$1.4525, 8 @ \$1.4550, 5 @ \$1.4650,
6 @ \$1.4775, 1 @ \$1.4925

5 CARS 40# BLOCKS @ \$1.5375 (LST)

BIDS UNFILLED: 7 CARS BARRELS: 3 @ \$1.4950 (LST),
2 @ \$1.4550, 2 @ \$1.4500

3 CARS 40# BLOCKS: 2 @ \$1.5375, 1 @ \$1.4950

OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5075

USDA ANNOUNCES STATES AND COUNTIES SELECTED FOR \$11 MILLION DAIRY OPTIONS PILOT PROGRAM

GRAND FORKS, N.D., Agriculture Secretary Dan Glickman today announced an \$11 million program to give dairy producers in selected counties a financial incentive to use options to manage their price risks. The new Dairy Options Pilot Program (DOPP) helps producers create their own financial safety net by purchasing exchange-traded options on the price of their milk. When milk prices fall, producers would be able to offset losses based on projected future earnings, in effect putting a floor under their milk prices.

"Dairy farmers are facing tough times these days," Glickman said. "The new dairy options pilot program is only one step we are taking to help dairy farmers survive under current farm laws. We think it offers promise to help farmers manage the risk they may face from increased price volatility."

In addition, to help dairy farmers suffering from low milk prices, the Agriculture Department purchased almost 86 million pounds of non-fat dry milk this fiscal year to remove excess supplies off the market. USDA also authorized overseas sales of nearly 30,000 additional tons of milk products under the Dairy Export Incentive Program (DEIP).

The selected states and counties are:

California	Stanislaus, Merced, Tulare, San Bernardino, San Joaquin, Kings
Minnesota	Stearns, Otter Tail, Todd, Morrison, Winona, Goodhue
New York	St. Lawrence, Oneida, Steuben, Chautaugua, Jefferson, Lewis
Pennsylvania	Lancaster, Bradford, Franklin, Crawford, Berks, Chester
Texas	Hopkins, Wood, Van Zandt, Johnson, Comanche, Erath
Vermont	Franklin, Addison, Orleans, Orange, Rutland, Caledonia
Wisconsin	Marathon, Clark, Grant, Vernon, Chippewa, Dane

Participation is voluntary. To be eligible, producers must operate a dairy farm located in the selected counties and demonstrate production of at least 100,000 pounds of milk over any consecutive six month period during the last 12 months. An estimated 35,000 dairy producers are in the selected counties. Training and assistance are limited to 8,400 producers.

The pilot will last six months for each group of participants. After successfully completing the required training, producers may use options to protect their price risk on between 100,000 pounds and 600,000 pounds of milk production. USDA will pay up to 80 percent of the options premium costs for transactions executed under program guidelines.

For more information, contact Joe Connor at: (202) 720-4232

PRINT BUTTER MARKETS - GRADE AA

Effective June 15, 1998, Dairy Market News will discontinue reporting print butter in the current format. From that date forward, a premium/discount pricing structure for bulk and prints will be carried for the reported regions.

NORTHEAST

Prices are four cents higher and the market tone remains firm, but unsettled. Some contacts were surprised that prices increased again and other were surprised that the increase wasn't larger. Contacts have mixed reports, but most do indicate tight supplies are fair demand. Retail prices have been jumping and sales have lagged somewhat. However, June Dairy Month promotions have helped maintain sales. Food service orders are steady. Churning activity is light to moderate as ice cream and cream cheese makers are competing for the available cream.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.9500-2.1975
1 LB. PRINTS	:	1.8650-2.0525
CHIPS/PATTIES	:	1.9275-2.1350
REDDIES	:	2.0025-2.1975
CONTINENTALS	:	2.0825-2.2575

CENTRAL

Print butter prices continue to increase following cash trading at the Chicago Mercantile Exchange. Butter markets remain firm. Over the past 3 weeks, butter prices have increased 25 cents. Many producers and handlers are concerned about what affect the increases will have on sales at this time of the year. Overall stock levels are not heavy. Producers continue to have mixed opinions as to how to approach current market conditions. Buying interest remains fairly good, although cancellations of previously scheduled promotions are occurring.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.8400-2.2475
1 LB. PRINTS	:	1.8050-1.9675
CHIPS/PATTIES	:	1.8300-2.0400
REDDIES	:	1.9150-2.1500
CONTINENTALS	:	2.0700-2.2600

WEST

Butter prices continue to increase across the region. Butter orders are fair to good and often higher as buyers try to secure butter while it is available and possibly less expensive than later. This could decrease demand later when those needs would normally be filled. Bulk orders are priced at discounts to flat market. Offerings are sometimes short to in close balance with current demand. Producers state they could sell more butter if they had extra. Shipments out of region to fill local needs continue. Limited offerings of imported butter are available, but are not impacting the current market. Cream demand is still good with demand from ice cream and cream cheese plants providing good competition for any available loads of cream. Butter stocks at the production level are well balanced.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	2.0225-2.0900
1 LB. PRINTS	:	1.9475-2.0625
PATTIES	:	1.9950-2.1600
REDDIES	:	2.1200-2.1375

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.8025-1.8475
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE:

06/08/98	14,522	:	109,053
06/01/98	12,597	:	109,785
CHANGE	+1,925	:	-732
% CHANGE	+ 15	:	-1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.		MN/WI	OTH STATES	U.S.
JUNE 5	1.3111	1.2860	1.2929	1.3026		1.2939	1.2446	1.2628
	1,178,518	4,474,782	6,330,358	1,633,088		3,632,427	6,009,680	9,642,107

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are sharply higher on most cheddar, process and other natural items. However, Swiss prices are steady. The market tone is a little unsettled as contacts wonder what is driving prices up so quickly. Cheese production in the Northeast is steady. Milk production is falling, but schools are closing for the summer and more surplus milk is coming onto the market. Cheese stocks are adequate for the current slow to fair demand. Some freezing of mozzarella is occurring and cheddar continues to be put into aging programs. June Dairy Month promotions are now in effect and retail movement is occasionally improved. Food service orders are mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-1.9750
Cheddar Single Daisies	:	1.2300-1.9800
Cheddar 40# Block	:	1.6300-1.7800
Process 5# Loaf	:	1.6550-1.7825
Process 5# Sliced	:	1.6750-1.8400
Muenster	:	1.6625-1.9875
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm. At the Chicago Mercantile Exchange on June 4, barrels increased 13.5 cents to \$1.4450 and blocks jumped 14.25 cents to \$1.3925. Many buyers and traders still feel shell shocked after recent price increases (over 20 cents in 2 weeks). Current prices at the Mercantile are comparable to values at the National Cheese Exchange during early June 1996. Some traders are looking at what comparable milk prices were and also how much higher and lower cheese prices got in 1996. Cheddar/colby/jack remains very tight at the plant level with current production still committed for various periods of time. Some spot interest is still going unsatisfied despite higher prices. Process interest is seasonally good. Barrels and good processing solids remain tight to short of needs. Despite recent increases, cheddar producers are still receiving calls from buyers looking to secure supplies. Other varieties often have a more spotty demand. Milk receipts are irregularly higher and lower. At least a few plant operators have noticed a second, higher peak in their own milk receipts. Milk components and cheese yields are trending seasonally lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.7400
Brick And/Or Muenster 5#	:	1.6900-1.9650
Cheddar 40# Block	:	1.7100-1.9150
Monterey Jack 10#	:	1.8800-1.9575
Blue 5#	:	2.1000-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

WEST

Natural cheese prices are again sharply higher following a record 14 1/4 cents increase at the CME on June 4. Contacts are looking for justification for the increase in the wake of a 10-cent increase the prior week. Demand is fair to good with some buyers securing loads in case of further market increases. Barrel and block interest are steady with recent weeks. Barrel demand is noted as better than blocks. Swiss prices are unchanged. Demand is fair to good and sales are often helped by the higher cheddar prices.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6400-1.8575
Cheddar 40# Block	:	1.6750-1.7550
Cheddar 10# Cuts	:	1.8900-2.0150
Monterey Jack 10#	:	1.8500-1.9775
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.3700

FOREIGN TYPE

Prices are sharply higher on domestic styles; unchanged on imported. The market tone, despite the price increases, is unchanged. Demand is slow to fair and mostly for replacement volumes. Typically, summer is a slow period for foreign type cheese consumption. Stocks of most style are adequate to meet current demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.8275-2.4375*
Gorgonzola	: 3.2400-5.9400	: 2.4825-2.5225*
Parmesan (Italy)	: TFEWR	: 3.2375-3.2775*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5000-2.0275*
Romano (Cows Milk)	: -0-	: 3.0250-3.3675*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants.

CHEDDAR STYLES	:	JUNE 8 - 12, 1998
BARRELS*	:	\$1.4550 - 1.4650 (NOMINAL)
	:	(\$1.450) (.1350)
40# BLOCKS	:	\$1.5125 - 1.5275 (NOMINAL)
	:	(\$1.625) (.1475)

() Change from previous week. * If steel, barrel returned.

FLUID MILK AND CREAM

E A S T

Following the announcement of the May BFP, Eastern Milk Market Administrators announced changes to their class prices. The May BFP is \$10.88, down \$1.13 from April. In all Eastern orders the July Class I & II prices are down \$1.13. The May Class III prices are \$1.16 below April in orders 1, 2, and 4; \$1.13 lower in other orders. The May Class III-A is \$13.84 in orders 1 & 2, \$13.86 in order 4, and \$13.96 in all other Eastern orders. The butterfat differential is \$0.175. Milk production is falling at varying rates throughout the East. It remains very hot and dry in the Deep South and milk output is falling quickly. Further north, temperatures are more moderate and milk production is easing lower. Fluid milk volumes have been reported as tighter in most areas. School closings are not yet complete and seem to be having less of an impact than expected. In Florida, handlers are having to bring in some extra milk plus take their regular, pool volumes from nearby states. The number of additional loads needed were not available at midweek. For the most part, handlers in the Northeast have been able to clear their own milk, but some loads of milk and condensed skim were shipped out of the region for processing. Receipts at most Southeast manufacturing plants were limited at midweek; lighter on weekends. Bottled milk sales are fair to improved when retail features were in effect. School lunch programs are winding down and bottling schedules are off accordingly. Retail sales are only partially offsetting the lost school lunch Class I demand. The condensed skim market is somewhat improved, but prices remain very low. The announcement of the May III-A (for NDM output) milk prices at \$13.84 - 13.96 and the May III milk prices at \$10.76 - 10.88 show a marked price/cost spread between wet and dry solids. Demand for condensed skim is mostly for filling contracts, but some improvement on the spot market has been noted. The fluid cream market is firm and prices are mostly higher again this week. Butter prices increased another four cents and multiples are unchanged. Cream supplies are reported as tight and spot demand is fair to good. Ice cream makers haven't cut back yet, but some suppliers report fewer "add on" loads each week. Some ice cream and soft serve mix makers have done what they can to reduce their need for cream, but most have maintained production schedules to fill their orders. Cream cheese production is about steady. Producers are taking contracted volumes of cream despite that high costs. Churning activity is lighter as the demand for Class II cream is reducing the volumes of excess cream available to churns.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.2968 - 2.4090
Delivered Equivalent Atlanta	-	2.1450 - 2.4360 M 2.2620 - 2.3664
F.O.B. Producing Plants: Upper Midwest	-	2.3490 - 2.4534

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8000 - 1.0000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 5 - 11, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I demand is generally slower except where retail feature activity is stimulating additional interest. Class II interest is seasonally good,

with feature activity continuing in some markets on cottage cheese and/or ice cream. Whipped cream sales continue surprisingly good for some producers. A total of 15 loads of Wisconsin milk are being "direct shipped" and pooled under a Southern Federal Order. The shipments are moving into Tennessee. Manufacturing milk demand is steady to improved, and in general, spot volumes are lower. Reported manufacturing milk prices range from \$.25 to .50 below class/MCP over the weekend, upwards to \$1.50 over, mostly \$.75 to \$1.00 over, for midweek deliveries. Milk intakes in the upper tier of Midwestern states are holding up near peak levels with receipts, at least at one plant, showing a second, higher peak during the recent cool weather. Generally, milk receipts are steady to slightly lower. Further south in the region, milk receipt declines continue unabated. The lower receipts generally offset declines in Class I sales caused by schools closing for the summer. Cream prices are higher, reflecting higher cash butter prices at the Chicago Mercantile Exchange. Cream demand is good, though user profitability may not be as good as desired. In some areas, finding an available tanker to haul the cream can be a problem. Much needed rain aided alfalfa regrowth and restarted crop growth slowed by the cool and dry conditions. Due to limited numbers, insects have not yet had much affect on cow comfort.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 39.00	\$ 35.00- 39.50
REPLACEMENT HEIFER CALVES	\$125.00-160.00	\$ 70.00-135.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.50	\$ 36.00- 41.50

W E S T

Widespread rainfall over areas of California continues and heavy rains in local areas are reported. In most years rainfall is limited, especially in more southern sections of the state. Actually the cooler weather is helping to offset some effects of the wet weather. Cooler temperatures during the day and at night are providing good cow comfort, especially for June. Feedlots in many areas are muddy and affecting herd health. The wet conditions are impacting hay harvesting and milk producers are looking to outside states for hay supplies. Local supplies of dairy quality hay are limited and prices are steady to firm. Other crops are lagging behind normal and could affect feeding and prices later in the growing season. Arizona milk production is still seasonally strong. Mild temperatures are allowing for sustained milk output at or near peak levels. Plants are running at levels not anticipated. Cream prices are steady to higher. Multiples run the wide range of 115 to 130 but more sales are being based on overages to class prices in California. Cream demand is good from ice cream, cream cheese and butter producers. In the Northwest, rainfall and cool conditions are having more of an impact on hay harvesting. Pasturing and green chopping are currently having few management problems. Milk production is increasing toward seasonal peak levels. Plants have adequate capacity to handle current milk supplies. Mountain states milk output continues to improve and is outpacing year ago levels, especially in Idaho. Producers feel confident they can process peak volumes and with the recent cheese price increases, are welcoming more milk.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/11/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady on the mostly, but fractionally lower on the range. The weak market tone continues. Some low heat sales were reported, but demand is limited. High heat sales are seasonally slower. Production levels are moderate to stronger. With inventories heavier than desired at a few locations, some plants are searching for additional storage space. This may be an indication of further offerings to the CCC.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0150 - 1.0400 MOSTLY: 1.0250 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Some sales are occurring, but at limited interest levels. Many contacts are surprised that demand is not picking up seasonally as anticipated. Production levels are moderate to higher. Stocks are slightly heavier than desired at a few locations, but not unmanageable.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Prices are higher on the range and the mostly. The market tone is firm. Sales activity is increasing. Some price resistance is being shown at the higher premium levels, but buyers are eventually purchasing with reluctance. Many end users are entering the market in anticipation of future price increases and limited availability in upcoming months. Producer offerings remain tight, but single loads can be found. Larger volume orders may require a few more calls. Production levels remain strong and stocks range from balanced to short of needs.

NONHYGROSCOPIC: .2400 - .2650 MOSTLY: .2450 - .2550

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer, standard, and roller ground; unchanged on delactose. All prices remain nominal. Feed grade whey prices are higher in response to the increasing edible whey market. Many offerings were reported as edible production is stronger. Sales are occasionally more active as some accounts that were holding out are now considering buying before further price jumps. However, some hog feeders are switching to alternative protein sources, such as soybean meal, at cheaper prices. Roller ground production and sales are strong. Delactose sales range from limited to active depending upon the source. Some producers stated that animal feed users are regularly taking loads and food processor demand is better in light of the current cheese market.

MILK REPLACER:	.2000 - .2400
STANDARD:	.1900 - .2150
ROLLER GROUND:	.2500 - .2550
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are steady and the market tone is weak. Overall demand is slow. Spot prices are negotiable at some plants. Contract prices are currently supporting the market. Inventories are heavier than desired at many locations and continue to build as production levels are strong. Contacts stated that some domestic buyers are delaying deliveries of contract loads until later in the year. Third quarter contracts are under negotiation and some are being revised at lower prices due to the continuing Asian Flu and the weakness in the Japanese yen.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on the range and the mostly. Demand is limited. Sellers are offering extremely competitive prices to attract interest. However, many end users are satisfied with current inventory levels while others are waiting for further price declines before purchasing. Sources believe that the recently large volumes of condensed whey ended up in many whey fractionation plants. And, as a result of slow demand and strong production, producer stocks are now excessive. Many are trying to sell as much product as possible at the current prices.

EXTRA GRADE 34% PROTEIN: .5300 - .5950 MOSTLY: .5650 - .5750

NONFAT DRY MILK - WEST

Low/medium heat prices are unchanged and the market tone remains weak. Offerings continue to clear to the CCC to balance current stocks. Producers not offering to the CCC are often having to lower prices to stimulate buying interest, especially for volume offerings. Some contacts are questioning why some producers are offering and selling at lower prices than support. Downward pricing pressure remains minimal, barring a change in the support prices. Production remains seasonally high, but is declining in more southern states. Stocks remain in excess of current needs. During the holiday shortened week of May 25 - 29, Western and Central producers offered 4.4 million pounds of NDM to the CCC under the support program.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0550

DRY BUTTERMILK - WEST

Dry buttermilk prices are steady with an unsettled market tone. Producers would like to move some loads, but are not wanting to discount current prices because they feel demand and prices will pick up in the future. Demand remains limited and is not at levels that contacts would have anticipated, especially with the higher cream and fat prices being paid. Ice cream producers are taking additional condensed buttermilk as they prepare for seasonal increases in ice cream demand which has been slow so far this cool spring. Dry buttermilk stocks are light to moderate.

BUTTERMILK: .9000 - .9400 MOSTLY: .9100 - .9300

DRY WHEY - WEST

The whole price range is unchanged, but the mostly range increased slightly. The market tone is steady to slightly firm. Some of the firmness is attributed to the Central whey market. In addition, current supplies are fairly well balanced. Demand is normal to good for both domestic and export accounts. A just announced export tender for July to September could ship around 2,800 MT of whey from the U.S., but the country of origin is optional. Production is at seasonally high levels in many plants. Stocks are light and in good shape.

NONHYGROSCOPIC: .2150 - .2350 MOSTLY: .2250 - .2300

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 5, on powder sales of 7,951,624 pounds f.o.b. California manufacturing plants was \$1.0307 per pound. This compares to 7,627,814 pounds at \$1.0364 for the previous week ending May 29, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady to higher. Some increases on both low and high heat within the ranges have been noted. The market tone is generally weak, but lighter production and closely balanced producer stocks point to a less weak market tone. Drying in the Southeast has all but stopped due to sharp drops in surplus milk availability. Further north, surplus milk volumes range from moderate to ample. As schools close for summer recess, more milk is clearing to Northern butter/powder plants, but drying is often balanced with current sales. However, some operations increased drying schedules because other operations made plant changes and had to temporarily divert milk. Contacts report that high heat powder is particularly tight and demand is good. Some buyers continue to look for bargains, but fewer seem to be offered. DEIP sales remain a factor, but there are few new bids being accepted by FAS.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0500
HIGH HEAT: 1.0550 - 1.1100 MOSTLY: 1.0700 - 1.0800

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mixed, mostly steady. The market tone is fully steady. Demand is, surprisingly sluggish considering the current value of butterfat. Some contacts speculate that the slow demand for dry buttermilk is a result of its relatively spotty availability throughout the year and/or ingredient labeling on finished products. Production levels are light. Sales of liquid buttermilk are quite active particularly to ice cream makers. Churning schedules are light to moderate.

F.O.B. NORTHEAST: .9400 - .9650
DELVD SOUTHEAST: .9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices are mixed. Prices dropped at plants that price their dry whole milk on the BFP which fell \$1.13 - 1.16 from April's level. These price drops look out of place at a time when most producers are increasing prices because of the fat value in dry whole milk. Production levels are light to moderate and often geared to meeting existing orders. Plant stocks are closely balanced with the current slow to fair spot demand.

F.O.B. PRODUCING PLANT: 1.1200 - 1.4500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JUNE 5, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 91,876 MT (202,549,829 LBS)
CHANGE -- 17 MT (37,478 LBS)

WHOLE MILK POWDER -- 7,487 MT (16,505,840 LBS)
Program allocations filled

CHEESE -- 3,510 MT (7,738,146 LBS)
Program allocations filled

BUTTERFAT -- 15,648 MT (34,497,580 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are often higher and the market tone is firm. However, contacts indicate that the firmness in the market is supply driven. Demand is still "kind of sluggish." Production levels are moderate to heavy. However, condensed whey is readily available at attractive prices, but having difficulty finding plants willing or able to take additional liquid whey. Producers and traders are increasing their asking premiums for any spot powder they may have available. Most buyers report difficulty finding spot loads at the producer level and spot needs are often filled with resale loads. Premiums of 2 - 2 1/2 cents are common. At these levels, buyers are showing more price resistance.

F.O.B. NORTHEAST: EXTRA GRADE .2400 - .2450
USPH GRADE A .2450 - .2600
DELVD SOUTHEAST: .2575 - .2925

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The dry whey market tone continues to firm. Animal feed makers are resisting the higher prices, but recent increases did spur a little additional interest, but overall demand remains slow.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are a little lighter as surplus milk volumes are easing from a few weeks ago. However, with the May BFP dropping \$1.13 from April, producers were happy with their April output. Most do expect a sharp increase in June's BFP. Most producers continue to rebuild inventories. Demand is mostly for fill-in needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED
MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices for both acid and rennet are unchanged, although the market tone is weak. Prices below current ranges are being reported but unconfirmed. Stocks are readily available and being delivered on schedule. Casein imports during March totaled 4,563,116 kilograms. Thus far in 1998, imports have totaled 15.8 million kilograms, 15% higher than during the same 3 months in 1997. New Zealand, Ireland, and France were the main sourcing countries during March.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR
EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND
QUALITY.

RENNET: 2.0500 - 2.1600
ACID: 2.0000 - 2.1000

COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	05/27	05/28	05/29	06/01	06/02	06/03	06/04	06/05	06/08	06/09	CSCE -
BFP -- Dollars per cwt.											
MAY 98	11.13 (356) 0	11.13(356) 0	11.02 (332) 25	10.95 (332) 4	10.99 (316) 42	11.00 (316) 0	10.97 (316) 9				
JUN 98	11.95 (226) 0	12.50 (234) 42	12.49 (235) 44	12.51 (229) 3	12.75 (205) 29	12.88 (222) 28	13.84 (197) 73	13.58 (164) 81	13.35 (171) 0	13.50 (174) 38	
JUL 98	12.10 (196) 0	12.58 (196) 2	13.00 (196) 1	13.11 (199) 7	13.43 (196) 16	13.45 (163) 108	13.95 (161) 58	14.13 (162) 20	13.88 (163) 2	13.80 (158) 6	
AUG 98	12.58 (56) 0	13.25 (57) 5	13.50 (57) 4	13.13 (56) 5	13.43 (54) 6	13.45 (55) 4	14.00 (59) 7	13.97 (64) 7	13.78 (64) 0	13.65 (64) 1	
SEP 98	13.05 (52) 1	13.40 (53) 3	13.45 (55) 4	13.45 (61) 6	13.58 (62) 2	13.54 (63) 6	13.50 (63) 3	13.45 (69) 5	13.30 (68) 1	13.40 (69) 2	
OCT 98	13.05 (34) 0	13.30 (36) 4	13.53 (38) 0	13.13 (38) 0	13.23 (38) 0	13.20 (39) 2	13.30 (47) 20	13.30 (48) 1	13.10 (48) 2	13.13 (48) 0	
NOV 98	12.95 (10) 0	13.08 (11) 1	12.95 (11) 0	12.88 (11) 0	12.85 (11) 0	12.65 (11) 0	12.88 (11) 0	12.85 (11) 0	12.80 (10) 1	12.68 (10) 0	
DEC 98	12.95 (32) 0	13.05 (32) 0	12.90 (32) 0	12.80 (32) 0	12.88 (32) 0	12.73 (32) 0	12.93 (32) 0	12.68 (32) 0	12.63 (32) 0	12.68 (32) 0	
CME - BUTTER -- Cents per pound											
JUL 98	167.00 (21) 8	167.10 (21) 0	169.60 (23) 4	172.10 (20) 1	174.60 (21) 4	177.10 (24) 4	178.50 (24) 0	178.50 (24) 0	181.00 (22) 4	180.00 (19) 1	
SEP 98	161.05 (1) 0	161.50 (1) 0	161.50 (1) 0	161.50 (1) 0	164.00 (1) 0	165.00 (1) 0	165.00 (1) 0	165.00 (1) 0	165.00 (1) 0	165.35 (1) 0	
CME - BFP -- Dollars per cwt.											
MAY 98	11.14 (490) 27	11.10 (486) 7	11.06 (432) 73	11.00 (422) 22	10.99 (339) 64	10.98 (335) 13	10.98 (335) 0				
JUN 98	11.95 (437) 44	12.24 (446) 79	12.61 (447) 53	12.55 (455) 49	12.80 (458) 46	12.90 (415) 89	12.95 (427) 109	13.58 (408) 80	13.36 (418) 56	13.49 (437) 45	
JUL 98	11.96 (508) 13	12.36 (509) 18	12.75 (405) 150	12.91 (405) 33	13.05 (412) 44	13.40 (326) 163	13.51 (330) 30	13.96 (328) 51	13.71 (362) 120	13.75 (362) 10	
AUG 98	12.60 (332) 8	12.90 (345) 16	13.25 (294) 76	13.25 (296) 3	13.36 (328) 42	13.58 (292) 100	13.60 (290) 18	13.85 (289) 31	13.68 (268) 48	13.75 (269) 15	
SEP 98	13.18 (186) 7	13.42 (199) 15	13.62 (207) 15	13.45 (224) 29	13.49 (224) 67	13.71 (230) 32	13.59 (225) 23	13.57 (232) 41	13.40 (238) 18	13.39 (246) 15	
OCT 98	13.10 (120) 3	13.27 (132) 18	13.39 (135) 6	13.39 (136) 1	13.30 (140) 8	13.39 (145) 63	13.29 (140) 17	13.27 (141) 1	13.19 (149) 52	13.15 (151) 4	
NOV 98	12.84 (88) 5	12.91 (88) 2	12.91 (88) 2	12.85 (89) 1	12.85 (89) 0	12.65 (97) 36	12.60 (102) 5	12.70 (102) 1	12.70 (102) 0	12.70 (102) 0	
DEC 98	12.80 (174) 2	12.84 (174) 0	12.84 (181) 7	12.84 (183) 2	12.84 (183) 0	12.64 (122) 114	12.60 (122) 0	12.70 (121) 1	12.70 (121) 0	12.65 (121) 0	
JAN 99	12.65 (12) 0	12.65 (12) 0	12.63 (12) 3	12.60 (13) 2	12.60 (13) 0	12.60 (13) 0	12.60 (13) 0	12.60 (13) 0	12.60 (13) 0	12.60 (13) 0	
CME - CHEDDAR CHEESE -- Cents per pound											
MAY 98	124.00 (29) 47	124.05 (13) 31	123.50 (13) 2	123.50 (13) 0	123.50 (13) 0	123.50 (13) 0	123.50 (13) 0	122.62 (13) 0			
JUL 98	128.525 (121) 0	131.025 (121) 0	131.025 (121) 0	131.025 (121) 0	131.025 (121) 0	133.525 (121) 0	138.525 (121) 0	138.525 (121) 0	141.025 (89) 35	143.55 (89) 0	
SEP 98	144.50 (70) 0	144.50 (70) 0	147.00 (70) 0	147.75 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	

SEP 98

1/ At the CSCE Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 1 - 12, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: In general, international dairy activity is quiet. Milk and dairy product output is near annual peak levels with usual weather effects to receipts in some areas. A recent tender from Algeria for summer/fall shipment may cause a spurt of interest in SMP, but otherwise little actual export activity is occurring. Butterfat in general remains tight, held with confidence, and prices are mostly higher.

BUTTER/BUTTEROIL: Butter prices are mostly higher, particular at the low and midpoint of the range. Butteroil prices are nominal due to limited production and activity at this time. Current supplies remain tight and held with confidence. Summer demand for cream for ice cream and other uses are also pressuring butterfat availability.

82% BUTTERFAT:	1,850-2,000
99% BUTTERFAT:	2,200-2,300

SKIM MILK POWDER (SMP): Prices are weak and in general, just above the intervention price. Current interest is limited. Thus far, around 40,000 metric tons have been placed into EU intervention. Drying is seasonally active. Supplies are readily available if demand improves.

1.25% BUTTERFAT:	1,540-1,600
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WHOLE MILK POWDER (WMP): The Whole milk powder market is firm and prices are generally higher. Export licenses on WMP within the EU are being delayed until the new year starting July 1. The strong demand for butterfat (butter) is also affecting whole milk prices.

26% BUTTERFAT:	1,820-1,850
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SWEET WHEY POWDER: The whey market is firm and spot offerings are limited. Reduced cheese production, at least in some areas in order to help stabilize cheese prices, has resulted in less whey being produced. Prices for U.S. origin product are generally cheaper and helping to limit export activity at this time.

NONHYGROSCOPIC:	625 - 700
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OVERVIEW: EASTERN EUROPE: Milk production and manufacturing are seasonal at around peak annual levels. Inventories of most products are building toward anticipated levels. Current international activity is light.

OCEANIA

OVERVIEW: The milk production season has ended for another year and current production is limited during the winter season to fluid needs. Producers, plant operators, and marketers in the region are making plans for the new year (1998/99). Asian financial problems continue to impact demand and prices in the region. Relative currency values are also affecting current prices. Parts of Australia are undergoing deregulation of fluid milk markets and/or prices though the net results on prices are far too early to tell. Although not finalized, yearly production in Australia is expected to be in the 3 - 4% above previous year range. Some milk producing areas are receiving needed precipitation though for some, the arrival may not be at a good time to help crops.

BUTTER: The butter market is firm and prices are fully steady. Some interest in butter from the U.S. is occurring but the time lag on new exports from time of order to actual delivery may be large enough to lose the current window of opportunity. Interest from more traditional markets remains quiet. Supplies are at comfortable levels.

82% BUTTERFAT:	1,650-1,750
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CHEDDAR CHEESE: The cheese market is relatively quiet at steady prices. Overall interest remains steady. Stock levels are about adequate. Current firmness in the U.S. market may provide some opportunities.

39% MAXIMUM MOISTURE:	1,800-2,000
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SKIM MILK POWDER (SMP): The skim market is steadier. Supplies are available. Overall demand remains relatively quiet. Despite the current generally slow world demand and Asian financial situation, prices may have hit the bottom and reached an area of support at least for the short term.

1.25% BUTTERFAT:	1,475-1,500
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WHOLE MILK POWDER (WMP): The whole milk market is steady to firm. Prices are unchanged to higher. Interest is steady to improved, aided in some markets by EU exporters not being able to fill some tenders by being up against the EU export limits for the current year.

26% BUTTERFAT:	1,700-1,800
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Exchange rates for selected foreign currencies: June 8, 1998

.4985 Dutch Guilder	.5630 German Mark
.1676 French Franc	.5066 New Zealand Dollar
.1134 Mexican Peso	.5987 Australian Dollar
1.6340 British Pound	.0071 Japanese Yen
.2907 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1134) = 8.8183$. That is 1 US Dollar equals 8.8183 Mexican Pesos.

Source: Wall Street Journal

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 1998 was unchanged at 116. Compared with May 1997, the index was down 2 points (1.7 percent). The index of prices received by farmers for dairy products declined 4 points during the month of May 1998 to 103. Compared with May 1997, the index was up 6 points (6.2 percent).

On a 3.5 percent butterfat basis, prices received by farmers in May with changes from April were: for All Milk, \$13.23 per hundredweight (cwt.), down 56 cents; Fluid Grade Milk, \$13.33 per cwt., down 46 cents; and for Manufacturing Grade Milk, \$11.25 per cwt., down 47 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 1998 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	1998 <u>2/</u>	1997 <u>2/</u>	1998 <u>4/</u>	1997 <u>2/</u>	1998	1997	1998 <u>7/</u>	1997 <u>8/</u>	1998	1997
CA	12.96	12.11	12.83	11.54	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		35.00	36.50	116.00	133.00
ID	12.24	11.92	11.37	11.14			35.50	35.50	80.00	108.00
MI	14.30	13.45	13.44	13.31			37.00	39.50	101.00	123.00
MN	13.15	13.41	12.59	11.82			37.00	37.00	75.00	105.00
NY	13.87	13.21	12.99	12.95			---	---	91.00	87.00
OH	13.92	13.10	13.62	13.17			37.00	37.20	118.00	163.00
PA	14.99	14.06	14.93	13.73			37.30	37.10	131.00	123.00
TX	14.57	13.58	14.44	13.22			33.60	37.20	96.00	103.00
WA	13.80	13.07	13.44	12.67			---	---	114.00	114.00
WI	13.08	12.53	12.13	11.91			37.60	39.90	94.00	101.00
U.S.	13.79	13.05	13.23	12.60			36.50	38.20	103.00	118.00

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., MAY 1998 WITH COMPARISONS 1/

ITEM	MAY 1997	APRIL 1998 <u>2/</u>	MAY 1998 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	12.60	13.79	13.23
Fluid grade milk Dol. per cwt.	12.72	13.79	13.33
Manufacturing grade milk Dol. per cwt.	10.70	11.72	11.25
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	97	107	103
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	118	116	116
PARITY PRICE for all milk Dol. per cwt.	29.70	29.30	29.20
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.97	26.63	26.54
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>	1.48	1.67	1.60

1/ Parity prices are based on data for the current month. Parity price equivalent during 1998 is 90.9% of the parity price of all milk sold to plants, compared with 90.8% in 1997. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (5/98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

USDA DENIES DAIRY PRICE FLOOR PETITION

WASHINGTON, June 10, 1998--The U.S. Department of Agriculture (USDA) has denied a petition to establish a price floor for milk regulated by federal milk marketing orders.

"While dairy farmers continue to undergo significant stress, neither the requirements of the law nor the evidence we received at a February 1998 hearing on the petition supported approving it," Agriculture Secretary Dan Glickman said. "The evidence presented at the hearing and USDA's analysis indicated that if we had adopted the proposal, the dairy farmers most in distress might not benefit and the effects of the floor price would not have been distributed evenly to all regions of the country and all farmers. In addition, the law allows USDA to take such an extraordinary action -- which has been done only once in the law's 60-year history -- only when necessary to ensure an adequate supply of fluid milk. Again, neither the evidence nor our analysis supported the conclusion that there was an inadequate supply of fluid milk available to consumers."

USDA conducted the hearing at the request of what is now Dairy Farmers of America, which had requested emergency action to floor the basic formula price (BFP), which is used to set the minimum price dairy farmers receive for fluid, drinking milk (Class I milk) and milk used for soft products such as yogurt and cottage cheese (Class II milk). Proponents had asked USDA to establish a floor price for the BFP of \$13.50 per hundredweight for both Class I and Class II milk, an action that would have prevented prices from falling below that level regardless of market conditions.

Opponents of the proposal argued that flooring the BFP would not assist all regions or dairy farmers equally. They also presented evidence at the hearing that the proposal would have disproportionately benefited the largest dairy farmers and would have increased milk costs to consumers, especially low-income Americans. Opponents contended that the minimum BFP might prove counterproductive, causing increased production and, ultimately, lower dairy prices.

Federal milk marketing orders establish minimum prices for milk based on its use. The minimum prices are set by the BFP, which is determined after surveying manufacturing plants in Minnesota and Wisconsin for information on prices they are paying for Grade B milk and then updated with information on changes in prices of manufactured dairy products, including amounts for high-value uses.

While today's decision brings this proceeding to a close, USDA continues to work on the long-term reform of milk marketing orders, as required under the 1996 farm bill.

The decision will be published in the June 12 Federal Register. Copies of the decision may be obtained from local federal milk order market administrator offices, or from Dairy Programs, P.O. Box 96456, Rm. 2641-S, Washington, DC 20090-6456; phone, 202-720-4392. The decision also will be available on the Agricultural Marketing Service home page at <http://www.ams.usda.gov/dairy>

Release No. 0244.98

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FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for May 1998 is \$10.88 per hundredweight at 3.5 percent butterfat. The May Basic Formula Price is the April base month Minnesota-Wisconsin (M-W) price of \$11.82 at 3.5 percent minus a change of \$0.94, which is the change in the butter/powder/cheese formula from April to May 1998. The May 1998 Basic Formula Price is \$1.13 less than last month and \$0.18 more than the May 1997 Basic Formula Price. This Basic Formula Price is the Class III price for May 1998 and is to be used in July 1998 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 17.5 cents. **MILK COMPONENT CONTENTS.** For the April 1998 base month M-W price, the butterfat content was 3.80 percent, protein 3.13 percent, and solids-not-fat 8.58 percent. For the May 1998 Basic Formula Price, the butterfat content was 3.73 percent, protein 3.15 percent, and solids-not-fat 8.60 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	MAY								JUNE			JULY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	16.05	15.73	13.11	12.79	10.76	10.58	13.84	11.44	15.25	14.68	12.31	14.12	11.18
New York/New Jersey (NY City)	2 4/	15.95	15.63	13.19	12.87	10.84	10.66	13.92	11.52	15.15	14.58	12.39	14.02	11.26
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	15.84	15.52	13.11	12.79	10.78	10.60	13.86	11.46	15.04	14.47	12.31	13.91	11.18
Carolina (Charlotte)	5	15.89	15.57	13.11	12.79	10.88	10.70	13.96	11.56	15.09	14.52	12.31	13.96	11.18
Southeast (Atlanta/Birmingham)	7	15.89	15.57	13.11	12.79	10.88	10.70	13.96	11.56	15.09	14.52	12.31	13.96	11.18
Upper Florida (Jacksonville/Tallahassee)	6	16.39	16.07	13.11	12.79	10.88	10.70	---	---	15.59	15.02	12.31	14.46	11.18
Tampa Bay	12	16.69	16.37	13.11	12.79	10.88	10.70	---	---	15.89	15.32	12.31	14.76	11.18
Southeastern Florida (Miami)	13	16.99	16.67	13.11	12.79	10.88	10.70	---	---	16.19	15.62	12.31	15.06	11.18
Michigan Upper Peninsula (Marquette)	44	14.16	13.84	13.11	12.79	10.88	10.70	13.96	11.56	13.36	12.79	12.31	12.23	11.18
Southern Michigan (Detroit)	40 6/	14.56	14.24	13.11	12.79	10.88	10.70	13.96	11.56	13.76	13.19	12.31	12.63	11.18
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	14.81	14.49	13.11	12.79	10.88	10.70	13.96	11.56	14.01	13.44	12.31	12.88	11.18
Ohio Valley (Columbus)	33	14.85	14.53	13.11	12.79	10.88	10.70	13.96	11.56	14.05	13.48	12.31	12.92	11.18

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	MAY								JUNE			JULY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	14.71	14.39	13.11	12.79	10.88	10.70	13.96	11.56	13.91	13.34	12.31	12.78	11.18
Chicago Regional	30	14.21	13.89	13.11	12.79	10.88	10.70	13.96	11.56	13.41	12.84	12.31	12.28	11.18
Central Illinois (Peoria)	50	14.42	14.10	13.11	12.79	10.88	10.70	---	---	13.62	13.05	12.31	12.49	11.18
S. Illinois/E. Missouri (Alton)	32	14.73	14.41	13.11	12.79	10.88	10.70	---	---	13.93	13.36	12.31	12.80	11.18
Louisville/Lexington/Evansville	46	14.92	14.60	13.11	12.79	10.88	10.70	13.96	11.56	14.12	13.55	12.31	12.99	11.18
Upper Midwest (Minneapolis)	68	14.01	13.69	13.11	12.79	10.88	10.70	13.96	11.56	13.21	12.64	12.31	12.08	11.18
E. South Dakota (Sioux Falls)	76	14.31	13.99	13.11	12.79	10.88	10.70	---	---	13.51	12.94	12.31	12.38	11.18
Iowa (Des Moines)	79	14.36	14.04	13.11	12.79	10.88	10.70	13.96	11.56	13.56	12.99	12.31	12.43	11.18
Nebraska/W. IA. (Omaha/Sioux City)	65	14.56	14.24	13.11	12.79	10.88	10.70	13.96	11.56	13.76	13.19	12.31	12.63	11.18
Greater Kansas City	64	14.73	14.41	13.11	12.79	10.88	10.70	---	---	13.93	13.36	12.31	12.80	11.18
Southwest Plains (Oklahoma City)	106	15.58	15.26	13.11	12.79	10.88	10.70	13.96	11.56	14.78	14.21	12.31	13.65	11.18
Texas (Dallas)	126	15.97	15.65	13.11	12.79	10.88	10.70	13.96	11.56	15.17	14.60	12.31	14.04	11.18
Eastern Colorado (Denver)	137	15.54	15.22	13.11	12.79	10.88	10.70	---	---	14.74	14.17	12.31	13.61	11.18
Western Colorado (Grand Junction)	134	14.81	14.49	13.11	12.79	10.88	10.70	---	---	14.01	13.44	12.31	12.88	11.18
SW Idaho/Eastern Oregon (Boise)	135	14.31	13.99	13.11	12.79	10.88	10.70	13.93	11.42	13.51	12.94	12.31	12.38	11.18
Great Basin (Salt Lake City)	139	14.71	14.39	13.11	12.79	10.88	10.70	---	---	13.91	13.34	12.31	12.78	11.18
Central Arizona (Phoenix)	131	15.33	15.01	13.11	12.79	10.88	10.70	13.93	11.42	14.53	13.96	12.31	13.40	11.18
New Mexico/West Texas (Albuquerque)	138	15.16	14.84	13.11	12.79	10.88	10.70	13.96	11.56	14.36	13.79	12.31	13.23	11.18
Pacific Northwest (Seattle/Portland)	124	14.71	14.39	13.11	12.79	10.88	10.70	13.93	11.42	13.91	13.34	12.31	12.78	11.18
SIMPLE AVERAGE	---	15.13	14.81	13.11	12.79	10.87	10.69	13.94	11.53	14.33	13.76	12.31	13.20	11.18

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in July 1998 is \$14.12 per 100 pounds or \$1.21 per gallon (\$14.12 divided by 11.63 equals \$1.2141).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
MARCH 1998, WITH COMPARISONS**

In March 1998, mailbox milk prices reported for selected Federal milk orders averaged \$14.13 per cwt., \$.34 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$14.06, down \$.25; Southeast, \$15.43, down \$.34; Midwest, \$14.19, down \$.36 and West, \$13.40, down \$.36. Compared to March 1997, mailbox milk prices increased \$.89 per cwt. on the average. Regional changes from the previous year were: +\$.98 in the Northeast, +\$1.06 in the Southeast, +\$.84 in the Midwest, and +\$.84 in the West. (Note: The figures for January 1998 for Chicago Regional, the Midwest average, and the All-Market Average have been revised to \$14.49, \$14.43, and \$14.34 respectively.)

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	March 1997	February 1998	March 1998
	<u>Dollars per hundredweight</u>		
New England	13.10	14.14 <u>3/</u>	14.02 <u>3/</u>
New York-New Jersey	13.03	14.32	14.04
Middle Atlantic	13.16	14.50	14.17
Northeast Average <u>4/</u>	13.08	14.31	14.06
Carolina	14.59	16.03	15.63
Tennessee Valley <u>1/</u>	13.97	---	---
Southeast	13.97	15.02	14.82
Florida <u>5/</u>	13.71	16.89	16.43
Southeast Average <u>4/</u>	14.37	15.77	15.43
Southern Michigan	13.04	14.47	14.28
Eastern Ohio-Western Pa.	13.20	14.56	14.49
Ohio Valley	13.24	14.51	14.41
Indiana	13.26	14.61	14.57
Chicago Regional	13.65	14.62	14.19
S. Illinois-E. Missouri	12.80	14.55	14.04
Louis.-Lex.-Evans.	13.55	14.96	14.66
Upper Midwest	13.22	14.51	13.99
Nebraska-Western Iowa	12.99	14.34	13.97
Iowa	13.23	14.36	14.03
Midwest Average <u>4/</u>	13.35	14.55	14.19
Texas	12.92	14.40	13.98
Southwest Plains	12.57	13.83	13.65
Eastern Colorado	12.51	13.96	13.82
S.W. Idaho-E. Oregon	12.37	13.35	12.18
Great Basin	12.04	12.93	12.88
New Mexico-West Texas	12.25	13.29	13.00
Pacific Northwest	12.55	13.68	13.14
West Average <u>4/</u>	12.56	13.76	13.40
All-Market Average <u>4/</u>	13.24	14.47	14.13

1/ Federal milk orders for which information could be released; the Tennessee Valley order was terminated 10/1/97. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Includes Northeast Dairy Compact Over Order Producer Price. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES ^{1/}												
CITY	JUN 1996			JUN 1997			MAY 1998			JUN 1998		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	16.17	17.57	1.40	14.52	15.37	0.85	15.89	16.89	1.00	15.09	16.39	1.30
Baltimore, MD	16.12	16.87	0.75	14.47	15.52	1.05	15.84	17.29	1.45	15.04	16.09	1.05
Boston, MA	16.33	17.06	0.73	14.68	15.81	1.13	16.05	16.53	0.48	15.25**	15.73	0.48
Carbondale, IL	15.10	16.35	1.25	13.45	15.54	2.09	14.82	16.63	1.81	14.02	15.68	1.66
Charlotte, NC	16.17	18.02	1.85	14.52	15.37	0.85	15.89	16.89	1.00	15.09	16.39	1.30
Chicago, IL	14.49	16.14	1.65	12.84	15.04	2.20	14.21	15.80	1.59	13.41	15.00	1.59
Cincinnati, OH	15.20	16.25	1.05	13.55	15.10	1.55	14.92	16.67	1.75	14.12	15.87	1.75
Cleveland, OH	15.09	16.00	0.91	13.44	14.94	1.50	14.81	16.56	1.75	14.01	15.76	1.75
Dallas, TX	16.25	17.40	1.15	14.60	14.85	0.25	15.97	16.22	0.25	15.17	15.42	0.25
Denver, CO	15.82	16.53	0.71	14.17	14.32	0.15	15.54	15.69	0.15	14.74	14.99	0.25
Des Moines, IA	14.64	15.89	1.25	12.99	14.48	1.49	14.36	15.01	0.65	13.56	14.21	0.65
Detroit, MI	14.94	15.73	0.79	13.29	14.42	1.13	14.66	15.68	1.02	13.86	14.86	1.00
Hartford, CT	16.23	16.96	0.73	14.58	15.71	1.13	15.95	16.43	0.48	15.15**	15.63	0.48
Houston, TX	16.79	17.94	1.15	15.14	15.39	0.25	16.51	16.76	0.25	15.71	15.96	0.25
Indianapolis, IN	14.99	16.16	1.17	13.34	15.03	1.69	14.71	16.26*	1.55*	13.91	15.46	1.55
Kansas City, MO	15.01	16.11	1.10	13.36	14.80	1.44	14.73	15.33	0.60	13.93	14.53	0.60
Little Rock, AR	15.86	17.06	1.20	14.21	14.46	0.25	15.58	16.18	0.60	14.78	15.43	0.65
Louisville, KY	15.20	17.25	2.05	13.55	14.80	1.25	14.92	15.72	0.80	14.12	15.22	1.10
Miami, FL	17.27	19.75	2.48	15.62	18.58	2.96	16.99	19.21	2.22	16.19	18.91	2.72
Milwaukee, WI	14.40	16.05	1.65	12.75	14.95	2.20	14.12	15.71	1.59	13.32	14.91	1.59
Minneapolis, MN	14.29	15.54	1.25	12.64	14.10	1.46	14.01	14.66	0.65	13.21	13.86	0.65
New Orleans, LA	16.74	17.94	1.20	15.09	15.34	0.25	16.46	16.81	0.35	15.66	16.31	0.65
Oklahoma City, OK	15.86	17.11	1.25	14.21	14.46	0.25	15.58	16.18	0.60	14.78	15.38	0.60
Omaha, NE	14.84	15.94	1.10	13.19	14.63	1.44	14.56	15.16	0.60	13.76	14.36	0.60
Philadelphia, PA	16.18	16.88	0.70	14.53	15.55	1.02	15.90	17.32	1.42	15.10	16.12	1.02
Phoenix, AZ	15.61	15.61	0.00	13.96	13.96	0.00	15.33	15.33	0.00	14.53	14.53	0.00
Pittsburgh, PA	15.09	15.59	0.50	13.44	14.24	0.80	14.81	15.61	0.80	14.01	14.81	0.80
St. Louis, MO	15.10	16.35	1.25	13.45	15.54	2.09	14.82	16.63	1.81	14.02	15.68	1.66
Salt Lake City, UT	14.99	15.14	0.15	13.34	13.49	0.15	14.71	14.86	0.15	13.91	14.06	0.15
Seattle, WA	14.99	15.29	0.30	13.34	13.64	0.30	14.71	15.38	0.67	13.91	14.29	0.38
Spokane, WA	14.99	15.29	0.30	13.34	13.64	0.30	14.71	15.38	0.67	13.91	14.29	0.38
Springfield, MO	15.28	15.73	0.45	13.63	14.28	0.65	15.00	15.60	0.60	14.20	14.75	0.55
Washington, DC	16.12	16.87	0.75	14.47	15.52	1.05	15.84	17.29	1.45	15.04	16.09	1.05
Simple Average	15.52	16.56	1.04	13.87	14.94	1.07	15.24	16.17*	0.93*	14.44	15.36	0.92

*Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference".

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JUNE 8 - 12, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD			PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/97	LAST YEAR			06/05/98	LAST YEAR	
BUTTER											
Bulk	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
Packaged	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
TOTAL	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
CHEESE											
Block	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
Barrel	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
Process	-0-	-0-	-0-		-0-	988,800			-0-	-0-	
TOTAL	-0-	-0-	-0-		-0-	988,800			-0-	-0-	
NONFAT DRY MILK											
Nonfortified	9,259,313	-0-	9,259,313		98,531,860	3,789,217			-0-	-0-	
Fortified	-0-	-0-	-0-		-0-	-0-			-0-	-0-	
TOTAL	9,259,313	-0-	9,259,313		98,531,860	3,789,217			-0-	-0-	

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JUNE 8 - 12, 1998 =	2.0	107.8	COMPARABLE WEEK IN 1997 =	3.9	38.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	21.7	1,146.9#	CUMULATIVE SAME PERIOD LAST YEAR =	10.0	53.9
CUMULATIVE JANUARY 1 - JUNE 12, 1998 =	19.9	1,055.5	COMPARABLE CALENDAR YEAR 1997 =	10.0	53.9

#CORRECTION: LAST WEEK'S CUMULATIVE SHOULD HAVE BEEN 1,139.1#

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL										
	BUTTER				CHEESE				NONFAT DRY MILK		
REGION	1997/98	1996/97		1997/98	1996/97		1997/98	1996/97	1997/98	1996/97	
MIDWEST	-0-	-0-		-0-	988,800		7,897,484	-0-	8.0	91.6	
WEST	-0-	-0-		-0-	-0-		90,347,473	3,789,217	91.7	8.4	
EAST	-0-	-0-		-0-	-0-		286,543	-0-	0.3	0.0	
TOTAL	-0-	-0-		-0-	988,800		98,531,860	3,789,217	100.0	100.0	

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075

NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/16/98 & Comparable Week 1997 1/ 2/

Regions*											:	U.S. TOTAL		:	% DAIRY OF ALL			
											:	WEEK	:	SINCE JAN 1	:	WEEK	:	SINCE JAN 1
1998-Dairy cows	HD (000)	:	0.3	1.4	5.3	4.9	17.6	2.1	2.4	0.9	9.4	3.0	47.4	1,135.1	42.9	48.0		
1997-Dairy cows	HD (000)	:	0.3	1.5	5.6	5.0	21.2	2.5	2.9	0.9	7.8	3.0	50.7	1,221.8	44.9	46.3		
1998-All cows	HD (000)	:	0.3	1.4	7.3	14.9	25.1	18.7	18.1	5.8	12.2	6.9	110.6	2,365.8				
1997-All cows	HD (000)	:	0.4	1.6	7.6	17.1	28.5	15.0	18.4	6.9	11.1	6.4	112.9	2,637.7				

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 6/5 AND INVITATIONS ON 6/11

MOZZARELLA	AUGUST DELIVERY
MOZZARELLA	120,960 \$1.4660
MOZZARELLA LITE	40,320 \$1.5660
SHREDDED LITE MOZZARELLA	161,280 \$1.6650-1.6680

PROCESS	AUGUST DELIVERY	OFFERS ARE DUE JUNE 22. PUBLIC RELEASE
PROCESS	3,445,200	IS SCHEDULED FOR 4:00P.M. JUNE 25
NATURAL AMERICAN		
NATURAL AMERICAN	3,213,158	

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 57,294,076

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88							